



June 24, 1998

Carole Washburn, Secretary
[Washington Utilities and Transportation Commission](#)
PO Box 47250
Olympia, WA 98504-7250

SUBJECT: [Advise No. 98024 Electric Filing; Puget Sound Energy's Continuation of Conservation Programs](#)

Dear Ms. Washburn:

I would like to offer the comments of the Department of Community, Trade and Economic Development's (CTED) Energy Policy Group on Puget Sound Energy's (PSE) May 29, 1998 request for an extension of Schedule 83, PSE's energy conservation programs. We have participated as a collaborative member working with PSE staff and other stakeholders to develop PSE's conservation programs, recovery mechanism and their Integrated Resource Plan. We oppose the request made by PSE that Schedule 83 services continue until no longer cost effective and do not support the more recent request for a nine-month extension. We object primarily to extending the information-based programs.

Our comments on PSE's extension request reflect CTED's principles that support conservation achievement. These principles are:

1. **Promote energy and economic efficiency.** Quality and effectiveness of programs are critical. In an era of diminishing funds for energy efficiency it is more imperative than ever to do it right. Quality programs need to have good designs, leverage savings, address market and technical research, and be implemented effectively. Quality programs can increase financial resources for residents, business owners and industries.
2. **Universal access to affordable energy service.** In respect to energy efficiency this means allocating conservation funding to ensure lower energy bills for those least able to pay.
3. **Perform long-term planning to minimize the total cost of energy service.** This is a driver that affects both magnitude of programs and the cost-effectiveness of programs.

Given these principles, we recommend the following:

- Provide the requested nine-month extension for Schedule 83 programs that fund or support the Northwest Energy Efficiency Alliance's programs (schedules 205, 206, 252 and 254). Given the level of research, open process and stakeholder involvement, we are confident that NEEA has designed effective, highly leveraged programs that will result in

significant and cost-effective energy savings. NEEA related programs represent approximately 34% of PSE's budget.

- Provide the requested nine-month extension for PSE's low income weatherization program (schedule 201), the recently approved high-bill duplex and triplex weatherization pilot (schedule 207) and the public housing procurement pilot for energy efficient apartment sized refrigerators (no schedule number). These programs, representing approximately 14% of PSE's conservation budgets, ensure that low income ratepayers are benefiting from PSE's conservation expenditures and simultaneously increase the likelihood that these rate payers can pay their energy bills.
- Provide the requested nine-month extension for PSE's Resource Conservation Manager (RCM) program. The general RCM program that has been introduced throughout the Northwest was developed with broad stakeholder participation and has been demonstrated as a very effective approach to saving energy and increasing school budgets for non-energy expenditures. While we have not seen the results of PSE's RCM program we have every reason to believe it should be a success.
- Provide a 90-day extension to the Schedule 83 information-based programs (schedule 200). Continuation of these programs beyond September 1998 will be based on the results of independent evaluations. Collaborative members need evaluations of information programs to determine the effectiveness of this approach. We will then be able to ascertain the following:

Were the information programs effectively marketed?

Was the information provided fuel-source neutral and focused on energy savings?

Could PSE effectively achieve energy savings by only addressing information barriers?

Background

During the development and filing of the 1997 Schedule 83 programs and tariff multiple concerns were expressed by collaborative members. These concerns included skepticism that the information programs were well researched, fuel-source neutral, likely to achieve the estimated savings projected by PSE or would be effectively marketed. There were also concerns that this was neither the optimal mix of program designs to leverage energy savings nor that this was the appropriate level of funding to secure available cost-effective opportunities. However, collaborative members agreed to support the filing because it was an *interim* filing of no more than 14 months duration, because the Company committed to conduct early evaluations of all its information programs, and because the Company committed to completing a draft Integrate Resource Plan by April of 1998 which could guide its future investments in efficiency programs.

Our opposition to this extension for the information programs does not, in any way, reflect a change in commitment on CTED's part to achieving the efficient use of energy resources. Efficiency of energy resources is a vital priority to us. Instead, our opposition reflects a need for accountability for those administering energy efficiency funds. The quality of programs is as, or more, important than funding levels.

Future Efforts

In the short-term if there is a need to modify programs or redirect funds, then we are prepared to assist in that effort. There is no shortage of ideas available. In the next six months we look forward to working with PSE staff to resolve issues they outlined at the end of Exhibit 1 – address the unique interests of large customers regarding efficiency; develop cost-effectiveness benchmarks for programs; clarify conservation's value as a long-term resource; agree to standards and criteria for selecting programs and resolve cost allocation issues.

Our comments here emphasize that accountability and success must be measured both by quality of design and delivery and by the magnitude of the efforts. There is significant documentation that valuable, cost-effective, energy saving programs can be operated at both the local level in Washington and at the regional level in the Northwest. We have confidence that PSE's staff have the abilities and commitment to deliver energy savings to their customers. We encourage PSE to refocus its efforts on optimal programs that deliver energy savings and other valuable benefits. We look forward to collaborating with representatives from PSE, the Commission, residential and industrial consumer groups and environmental organizations in the future. Thank you for providing the opportunity to comment.

Sincerely,

Elizabeth C. Klumpp
Energy Policy Specialist